BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access	)	CC Docket No. 93-162

TO THE COMMISSION

REBUTTAL OF SOUTHWESTERN BELL TELEPHONE COMPANY

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SUMMARY*

When the Oppositions to the LEC Direct Cases are aggregated, one might get the impression that the LECs are remiss if their tariffs do not require payment to the interconnectors to have the interconnectors occupy space inside the LEC central offices. The oppositions have demanded a higher standard of review, more cost support information, cheaper rates for virtually every element, more elements offered as recurring rates (to save up front investment by the interconnectors), a lower cost of money factored into the recurring rates (to save long term costs), elimination of service enhancing equipment (like the POT bay), better liability standards than SWBT offers to its access customers, the right to interconnect with LEC facilities the Commission has already held outside the scope of their order, and many other rights and benefits under the proposed tariffs.

SWBT's tariff provisions were carefully crafted with no unreasonable costs or add-ons. They reflect the true costs of interconnection that must be borne by the interconnector, and not by SWBT customers generally.

The terms and conditions in the SWBT tariff are completely reasonable and generally based on SWBT's existing tariff structure, adjusted for the unique circumstances of collocation.

For the reasons stated in SWBT's tariff filing, its Reply to the Petitions lodged against the tariff filing, its Direct Case, and this Rebuttal, the tariff should be allowed to take effect as filed without Bureau direct cost adjustments, and the investigation, suspension, and accounting order should be ended.

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*All abbreviations used herein are referenced within the text.

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REBUTTAL OF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company (SWBT), pursuant to the Order Designating Issues for Investigation,[1] hereby files its Rebuttal in this matter. In the Rebuttal, SWBT shows that none of the oppositions[2] have provided sufficient grounds to continue the suspension and investigation of SWBT's expanded interconnection tariffs, and those tariffs should now be allowed to take effect at the originally requested rates, excluding Bureau direct cost adjustments.

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[1] Local Exchange Carriers' Rates for Expanded Interconnection for Special Access, CC Docket No. 93-162, Order Designating Issues for Investigation, (DA-93-951) (released July 23, 1993) (Designation Order).

[2] Oppositions were filed by: MFS Communications Company, Inc. (MFS); Teleport Communications Group Inc. (TCG); Teleport Denver Ltd. (TDL); Association for Local Telecommunications Services (ALTS); MCI Telecommunications Corporation (MCI); Sprint Communications Company L.P. (Sprint); and Public Utilities Commission of Ohio (PUC of Ohio).

SWBT notes that it did not receive a summary and table of contents for TCG's pleading as required by Section 1.49 (b) and (c) of the Commission's Rules. If TCG intended to rely upon Section 1.49 (d) in neglecting to attach these items, it should explain its position in light of Section 1.48 (a), which requires TCG's appendix arguments to be included in determining the length of the pleading. SWBT notes that Sprint also contained most of its argument in its appendix but still attached a summary and table of contents to its pleading.

I. ALTS MISSTATES THE PROPER STANDARD OF REVIEW.

ALTS claims that a different standard of review must apply to the LEC tariffs for expanded interconnection.[3] SWBT disagrees that a different standard of review must apply and will explain herein how it has fully satisfied the Commission's standard. If the standard of review must be different, SWBT does not agree that it is a greater standard of review, but a relaxed one, instead, that must apply.[4]

The Commission has represented to the court that the LECs will be fully compensated for the taking of their property for expanded interconnection. The Commission must therefore ensure that the tariff process provides such a result. Assuming, arguendo, that legal means exist in the tariff process to fairly compensate the LECs for the unconstitutional taking of their property (which SWBT denies), after SWBT has satisfied its burden of putting forth a prima facie case of reasonableness for its filing (as it has in this matter), the Commission should shift the burden of proof to those that would most profit from the taking of the property, those requesting interconnection under the subject tariffs.

ALTS claims that the closer scrutiny is needed because

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[3] ALTS at p. 3.

[4] SWBT notes that the initial filing already reflects, in effect, a higher standard of review since lost profit from displaced services was disallowed from the overhead factors and the amount of overhead to be included in the proposed rates was limited. The standard of review was essentially heightened again in the Designation Order with the requirement to provide unprecedented data regarding cost factors. This additional level of detail has apparently only generated demands for even more data.

collocators cannot go elsewhere for collocation.[5] ALTS' truism ignores the fact that interconnection is the core issue in the CC Docket No. 91-141 proceedings, not collocation. Interconnection is available whether or not collocation occurs--although the terms of interconnection through SWBT's other generally available tariff offerings may not provide the competitive advantage that ALTS desires.

ALTS also claims that because the LECs "have been defiant in their resistance to expanded interconnection and collocation," a higher level of scrutiny is needed.[6] This claim is made without support other than the vague, baseless allegations made by ALTS that the LECs have used the tariff process for delay. SWBT has opposed collocation by demonstrating that it is fundamentally unlawful. However, all of these efforts have been taken within the appropriate forums and followed proper procedural law. ALTS' advocacy of punishing LECs for appropriately asserting their rights is simply another attempt by ALTS to tilt the regulatory process to its own competitive advantage.

II. SWBT HAS FULLY COMPLIED WITH THE DESIGNATION ORDER.

A. SWBT Price-out Complies with the Designation Order's Requirements.

ALTS claims that SWBT fails "to provide a comparison of its interconnection rates to any of its detailed DS1 and DS3 services."[7] SWBT has complied with the Designation Order's

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[5] ALTS at p. 4.

[6] ALTS at p. 5.

[7] ALTS at p. 11.

requirements to provide overhead loadings comparisons (SWBT, Appendix 4) and to provide a sample price-out (SWBT, Appendix 5). SWBT was not required to provide a comparison to DS1 or DS3 rates. ALTS misinterprets the Designation Order.

Sprint contends that it needs more information than required by the Designation Order to analyze SWBT's price-out.[8] TCG alleges that SWBT did not use the correct amount for the Tenant Accommodation Charge (TAC) and that SWBT's assumptions regarding the amount of self-provisioning make SWBT's price-out not comparable to other LECs. Sprint's argument is misguided. SWBT complied fully with the Commission's Designation Order. Because of the large number of office specific rates, SWBT had to make certain assumptions in developing the price-out. These assumptions were outlined on the price-out and are reasonable.

SWBT has outlined its TAC costs in the Direct Case, Appendix 3, Exhibits A and B, which contains both written and graphic (floor plans) information on how the build-out work was developed. In addition, SWBT's TAC costs were disaggregated into three Commission-mandated rate functions contained in the TRP. These three functions are: 1) security installation function; 2) entrance facility installation function; and 3) common construction function. SWBT has complied with all aspects of the Designation Order for the disaggregation of charges as outlined in the TRP. Consequently, the information provided in the Description and Justification (D&J) of SWBT's original Tariff filing combined with the data provided in its Direct Case provide sufficient data

[8] Sprint at App. A, pp. 4-5.

to satisfy Sprint's request for price-out analysis.

SWBT offered options allowing interconnectors the flexibility of providing their own POT frames and interconnection arrangement. From the numbers provided, TCG can calculate the result if it wants SWBT to provide the POT frame and interconnection arrangement. As SWBT noted in its Direct Case, this comparison cannot give meaningful results[9] and the stipulation of the five-year amortization period makes the analysis flawed.

B. SWBT's Cost Data Complies with the Designation Order's Requirements.

Sprint wrongly states that: "the use of embedded costs is consistent with the development of rates under price caps."[10] While the Part 69/ONA order referenced by Sprint requires the submission of direct costs (like Part 61.38 under rate of return regulation) SWBT is unaware of any requirement that the direct costs must be embedded. In many cases, embedded costs, by definition, cannot exist for a new service or a new element never provisioned before, such as the cage.

ALTS claims SWBT has not provided the data to show that DS1/DS3 loading is consistent with interconnection elements. However, ALTS has apparently been able, with the same missing data, to determine "there is clear evidence to the contrary." ALTS does not provide any of this so-called "clear evidence." ALTS takes SWBT's statement out of context regarding the overhead loading relationship between DS1 and DS3.[11] The reference repeated by ALTS

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[9] SWBT Direct Case, at p. 8.

[10] Sprint at App. A, p. 10.

[11] ALTS at p. 19.

was SWBT's explanation of the difference in overhead between DS1 and DS3, not DS1/DS3 and interconnection elements.

SWBT applied DS1 overhead factors to pure DS1 interconnection elements, DS3 overhead factors to pure DS3 interconnection elements, and combined DS1/DS3 overhead factors to elements common to DS1 and DS3 (e.g., POT Frame).

In addition, at footnotes 19 and 31, ALTS references overhead factor ranges up to 20 in the TRP compared to ranges of 1.4 to 3.9 for DS1 and DS3. ALTS' descriptions are significant for what they omit. For example, there are some 37 overhead factors listed within the TRP. Sixteen fall within the 1.4 to 3.9 range. Twenty of these factors are under the 1.4 lower range, but it should be noted these factors are always associated with nonrecurring charges. In addition, 8 of the 20 factors below the 1.4 DS1 minimum are below 1.0.[12] Only one factor is over 20. However, that factor should have been 1.739 and was incorrectly reflected in the TRP. This appears to have resulted from literally following TRP instructions which were not appropriate for nonrecurring charges. This is the same overhead displayed on the Nonrecurring Entrance Facility Installation Function for item (L) Cable Pull. The unit cost and unit rate for Cable Pull is the same as Active Security. This is reasonable as each element represents a unit of time of a SWBT technician.

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[12] This result occurred by submitting figures before rounding up nonrecurring cost to determine the rate. SWBT will recalculate and resubmit these figures, if significant, along with the understated overhead loading factors when the investigation concludes.

For the above reasons, none of the "strong remedial measures" demanded by ALTS are justified.[13] SWBT has fully complied with the Designation Order. ALTS is simply using this filing to unjustifiably reduce the prices for expanded interconnection and as a basis to attempt to further diminish the minimal pricing flexibility granted to the LECs.

III. SWBT'S RATES SHOULD BE ALLOWED TO TAKE EFFECT AS REQUESTED EXCLUDING BUREAU DIRECT COST ADJUSTMENTS.

A. Market-Based Real Estate Rates are Proper.

ALTS claims that market prices should not be used to set the LEC rates for floor space.[14] ALTS asserts that the considerations that a commercial landlord uses to set its prices are different than those that should be used by a so-called "monopoly" landlord. ALTS and MCI want LECs to use the same real estate costs for expanded interconnection as the LECs use in their rates for other customers. Sprint, on the other hand, claims that embedded costs must be used.[15] ALTS also argues that SWBT's use of Building Owners and Managers Association (BOMA) market data was invalidated by its use of a multiplier.[16] MFS asserts that the multiplier double-recovers the telecommunication-specific costs, since these costs are to be recovered in the charges for central office preparation and cage construction.

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[13] ALTS at pp. 12-13.

[14] ALTS at pp. 14-16. MCI claims that net book value should be used. (MCI at p. 8.)

[15] Sprint at App. A, p. 10.

[16] ALTS at p. 23. See also, MFS at p. 10.

As apparent from the oppositions listed above, there is a lack of consensus on the approach that should be used. None of the oppositions have provided a method that is more reasonable than SWBT's.

While SWBT does not agree with comparisons of LEC rates, TCG's comparison of LEC rates noted in SWBT's Direct Case at page 12, suggests a ceiling of $2 per square foot, which exceeds all of SWBT's floor space rental rates.

Furthermore, when compared to "office" building construction costs, "telephone exchange" building construction costs are 1.72 times more expensive as recognized by R.S. Means. Telephone Exchange buildings are 1.72 times more expensive to construct than office buildings due to more stringent structural, electrical, mechanical and fire resistance industry standards. MFS confuses the higher cost of telephone exchange buildings with the specific and additional cost of modifying these buildings for interconnector occupancy.

MCI on page 9 also references the SNFA process as a means to determine floor space costs. SWBT considered this method but determined it was not a valid solution. SNFAs are being phased out. The cost of resurrecting the SNFA process to identify floor space costs would likely exceed the floor space cost itself. In any event, the rate suggested by MCI's reference to a South Central Bell SNFA ($1.49/sq. ft. - 1985 figure) compares favorably to SWBT's rates, adjusted for inflation.

B. SWBT's Rates for AC and DC Power are Reasonable.

TCG claims that SWBT charges $2191 for "the installation

of . . . presumably just a few 110 volt plugs."[17] As SWBT has already explained in its Direct Case, Appendix 3, Exhibit B, Page 1, SWBT's "House Electric" rates recover costs of installing overhead fluorescent lighting, electrical outlets, early warning fire detection conduit and wire and all associated contract labor.

ALTS questions SWBT's use of 40 and 100 amp offerings.[18] ALTS erroneously assumes that "the next increment jumps up to 100 amps." SWBT's tariff cabling arrangement is designed to provide either 40 amps or 100 amps of DC voltage from the central office power supply to a point of termination frame.

In order for SWBT to provide DC power to an interconnector, SWBT must calculate the impact of the additional power demands on its existing power plant (e.g., rectifiers, batteries, emergency engine, etc.). In addition, the power cables from the interconnector's equipment space to SWBT's power plant have to be sized based on this distance and the maximum DC ampere demand the cabling is expected to carry. The type and quantity of equipment must be known to calculate this demand.

SWBT developed its 40 and 100 amp tariff offerings using Bellcore's network Equipment-Building Systems Data as a reference for determining maximum DC current drains for typical types of equipment an interconnector may install. A sampling of equipment shows the maximum DC current drain can vary from 8.2 to 20.0 amperes per fully equipped bay. Therefore, in a 100 square foot

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[17] TCG at p. A-4.

[18] ALTS at p. 29.

space approximately five bays could be installed (41 to 100 amps could be required).

The 40 ampere and 100 ampere tariff element power arrangements recover the costs of installing cables, fuse panels, and additional power plant equipment required to meet the expected and future DC power demands of an interconnector. This arrangement allows the interconnector to furnish, install, equip, and increase their equipment without incurring additional charges for SWBT to provide for their DC power needs. The arrangement also requires that the interconnector adequately forecast their equipment needs rather than requiring this expensive burden to fall upon SWBT.

Although the increment approach may at first glance appear to be the least costly approach, additional equipment will be required, resulting in service delays while the equipment is installed, and resulting in additional costs for the interconnector for increasing the required power facilities, if the calculation for power cables is undersized and is exceeded. Additional costs for growing power plants, cables, fuse panels and meter reading will likely exceed SWBT's current approach as interconnector growth occurs. SWBT's existing tariff element approach was designed to eliminate potential service delays and allow the interconnector to increase their equipment with minimized SWBT involvement, following the standard approach of SWBT in providing power for its own current and future use.

C. SWBT's Security Requirements are Reasonable.

ALTS complains that SWBT's rates for escorts and other

security measures are too high.[19] TCG alleges that SWBT makes interconnectors pay more than their share of the cost of new security systems that must be installed.[20] These charges are unfounded.

SWBT's rates are based on only that portion of the work which is truly associated with provisioning collocation. Most SWBT buildings do not have electronic card access systems in place. Nevertheless, the interconnector will not be charged for the entire system. To the extent that SWBT is able to use the security system for its own purposes, SWBT absorbs the remaining costs for electronic access systems. TCG wrongly assumes that most SWBT central offices have existing card readers in place to accommodate collocators. On the contrary, these buildings are presently equipped with key pad security access which is not adequate for distinguishing the collocators.

The range of charges listed by SWBT is reasonable and is based on a review of various SWBT buildings with different build-out conditions at each location. A representative sample of the 126 tariffed buildings was used to develop a company-wide average for three specific building sizes (small, medium and large). These company-wide averages were then divided by the number of forecasted interconnectors for each building, as stated in SWBT's tariff. The range of security installation charges listed by ALTS and TCG will decrease accordingly for buildings with multiple forecasted interconnectors.

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[19] ALTS at p. 30.

[20] TCG at p. A-6.

D. SWBT's Design and Planning Fees Are Reasonable.

ALTS generally claims that the LEC charges for design and planning are too high. TCG alleges that SWBT's order processing and design charges are "excessive."[21] These complaints should be rejected.

First, ALTS provides no support for its claim other than to say that the space in question is not "complex."[22] Second, SWBT's filed rate for Engineering Design Charge is approximately 50% of the lowest figure specified by TCG. SWBT does not have a filed rate for order processing relating to design and planning. Thus, TCG's contention in this regard is unclear.

E. SWBT's Cost of Money is Reasonable.

MFS argues that no LEC should be allowed to use a cost of money that exceeds 11.25%, although MFS provides no support for this demand.[23] MFS complains of the varying cost of money factors used by the LECs and suggests that the Bureau prescribe the cost of money. MFS goes on to complain of the lack of detailed cost of equity data.

Since SWBT offers most of the elements through nonrecurring charges, its cost of money is not a major factor in most of its rates. Thus, MFS ignores the fact that any change in the cost of money used by SWBT will likely not affect any of SWBT's proposed rates. SWBT used the same cost of money for the cost calculations of interconnection elements as it used for the

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[21] TCG at p. A-4.

[22] ALTS at p. 32.

[23] MCI at pp. 9-10, MFS at pp. 2-3 and Attachment A.

calculation of underlying costs of SWBT's DS1 and DS3 services. Thus, a reduction in the underlying costs for interconnection resulting from a change in the cost of money would have a corresponding reduction in the DS1 and DS3 costs that drive the overhead loading factor. A reduction in the underlying costs for DS1 and DS3 would lower the total incremental costs for DS1 and DS3. However, since this change affects only unit costs the revenues would be unchanged. Dividing the same revenue base by a lower cost base would result in a higher overhead loading factor. The application of a higher overhead loading factor to a lower unit cost would likely result in no real change.

Several parties attempt to compare the cost of money utilized by the LECs in developing expanded interconnect cost calculations based on the results of the simplistic calculation required on the TRP (labeled COST OF MONEY). This comparison is of limited value even though it consistently shows SWBT to have used a cost of money lower than the 11.25% suggested by MFS.[24] If the Commission finds that SWBT must utilize a cost of money other than the one used, then not only will the cost of money component of the Expanded Interconnection Charge (EIC) recurring rates change but also the overhead loading factor must change to reflect changes in DS1 and DS3 costs used to calculate the overhead loading factor.

F. SWBT's Tenant Accommodation Charges are Reasonable.

Sprint complains that it cannot determine whether the TAC is reasonable because it does not know how many interconnectors

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[24] MFS at p. 4.

were forecasted in devising the charge.[25] Sprint ignores the record in this proceeding regarding data provided by SWBT.

The information sought by Sprint was included in figure 4.5.14-1 of the Description and Justification of SWBT's initial tariff filing.

MFS has raised the problems associated with who should pay for asbestos abatement.[26] SWBT's build-out costs reflect asbestos abatement work based on the sample buildings which were used to develop costs. MFS' allegations that LECs use these costs to inflate the charges assessed to interconnectors is unfounded.

G. SWBT's Pricing Structure Does not Require Payment for "Whole New Manholes and Conduit."

TCG claims that SWBT's pricing structure requires it to pay for "whole new manholes and conduit."[27] TCG misconstrues SWBT's filing.

SWBT's Expanded Interconnection tariff does not show nonrecurring charges for outside plant conduit or manholes (Conduit Space). SWBT's Direct Case, Appendix 2, page 2, Conduit Space states that costs were calculated for conduit only, not manholes. Further explanation on page 4 of Appendix 2 states that the costs were based on company records of new conduit additions.

H. SWBT's Cross Connect Charges are Reasonable.

MFS claims at page 13 that it "showed that most of the cross-connect charges tariffed by the LECs were excessive and unreasonable." On the contrary, SWBT has demonstrated in its

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[25] Sprint at App. A, p. 4.

[26] MFS at p. 21.

[27] TCG at pp. A-1, A-6.

original filing and in its Direct Case that its rates are not only reasonable and fully supported with cost information but also contain an overall overhead loading lower than the overheads recovered in existing DS1 and DS3 rates.[28] With the rate structure developed by SWBT, the overall overhead percentage recovered from 100 DS1s is below the overhead percentage currently recovered from SWBT's DS1 term options and DS3 term and volume options.[29]

MFS claims "several LECs have established excessive cross-connection rate by overstating the amount of cable and cable support investment." This claim is totally unfounded in regard to SWBT. SWBT has provided complete cost information in full compliance with the Designation Order. The cost of SWBT's cross-connection rate elements reflects only the costs directly caused by provision of the facilities required to provide the interconnection cross connect function.[30]

SWBT has not included any repeaters in the calculation of the cross connect charge. Therefore, the MFS objections premised on the inclusion of repeaters does not apply to SWBT.

I. TCG's Proposed Cage Construction Charge is Unreasonable.

TCG claims that a cage construction charge of no more than $1,000 is reasonable.[31] TCG bases this figure on a bid it obtained from its subcontractor.

TCG's proposed charges are unreasonable. Based on SWBT's

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[28] SWBT Direct Case at pp. 3-8.

[29] SWBT Direct Case at App. 4.

[30] SWBT, Direct Case at App. 2, p. 1.

[31] TCG at p. A-5.

research, it is impossible to construct a cage which meets all electrical and electromagnetic requirements for $1,000. For example, a galvanized chain link fence does not meet the grounding requirements[32] and will have the potential to cause electromagnetic interference.

IV. SWBT'S OVERHEAD FACTORS ARE REASONABLE.

ALTS claims that SWBT has not properly supported its overhead factors.[33] ALTS asserts that the proper basis for comparison is the overhead loading of the LECs' discounted DS1 and DS3 services.[34]

SWBT provided extensive documentation to support the reasonableness of its existing DS1 and DS3 overhead factors which are also applied to its interconnection elements.[35] SWBT applied a DS1-specific overhead factor to DS1-specific interconnection elements, a DS3-specific overhead factor to DS3-specific interconnection elements and a combined DS1/DS3 overhead factor to interconnection elements that could not be defined as DS1- or DS3-specific. SWBT thereby complied with all applicable Commission requirements.

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[32] The cage must be electrically conductive so that it can be properly grounded to avoid personal harm.

[33] ALTS at pp. 17-18.

[34] ALTS at p. 20.

[35] See letter from William Blase to Carol Canteen regarding additional information for expanded interconnection tariff filing, Transmittal No. 2260, addressing existing DS1 and DS3 overhead cost factors, dated May 21, 1993.

V. SWBT'S USE OF NONRECURRING CHARGES IS REASONABLE.

ALTS claims that SWBT's nonrecurring charges (NRCs) are "egregious."[36] ALTS also complains about SWBT's practice of not prorating initial construction charges.[37]

Once again, ALTS's opposition is misleading. SWBT charges NRCs at cost for the same items as other LECs. The exceptions, such as the POT frame and the interconnection arrangements, are optional offerings and can be provided by the interconnector.

No party has presented any valid arguments stating why SWBT should restate nonrecurring charges as recurring rates. Potential interconnectors have not disputed the risk to the local ratepayers of absorbing stranded investment associated with failed ventures. No party has disputed SWBT's claim that the Separations process would allocate a portion of the investment expended for an interconnector to the intrastate jurisdiction. Not a single argument has been provided that supports the allocation of capital investments to the intrastate jurisdiction for material constructed for the sole use of an interstate interconnector.

SWBT's NRCs are designed to be equal to the capital expended. They do not include any cost of money or any other cost factors. The NRCs simply 'pass on' charges from vendors. Thus, SWBT's proposed NRCs should remain as filed.

ALTS complains that SWBT does not provide for pro rata

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[36] ALTS at p. 26.

[37] ALTS at fn. 44.

refunds in the event additional interconnectors are added.[38] This claim should be rejected due to the way in which SWBT's TACs were calculated.

SWBT divided the TAC cost by the number of estimated interconnectors, based upon forecasts provided by the interconnectors themselves. While SWBT does not have a pro rata provision to refund in the event the estimate is exceeded, SWBT also does not have a provision to backbill in the event the number of interconnectors is less than estimated.

Sprint also addresses the recovery of recurring expenses through an NRC.[39] As previously stated, SWBT is only recovering the total installed cost (i.e., capital) up front. Any recurring expenses such as maintenance are recovered through a monthly recurring charge. As explained in SWBT's Direct Case, the method to account for the NRC will eliminate any possible recurring capital costs such as depreciation.[40]

Since interconnectors are not required to guarantee how long they will remain in a wire center, monthly recurring rates offer no assurance that SWBT will recover the relevant expenses. If the interconnectors are not required to pay for what the LECs have been mandated to provide, then remaining customers will be required to "pick up the bill."

Additionally, in structuring its charges to recover many of the collocation costs through NRCs, SWBT's cost of money is not

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[38] ALTS at p. 31, fn. 44.

[39] Sprint at App. A, p. 8.

[40] SWBT Direct Case at Exhibit 1, App. 1.

passed to the interconnector. Rather, SWBT's NRC structure allows the interconnector the flexibility of seeking financing at the best rates it can find in the market.

VI. THE USE OF A POINT OF TERMINATION FRAME MUST NOT BE ELIMINATED.

ALTS and TCG question the requirement for a Point of Termination bay, although ALTS notes that SWBT allows interconnectors to provide their own.[41] TCG alleges that one LEC:

> revealed that the POT Bay was the cause of the extensive numbers of repeaters that the LECs insisted be placed on expanded interconnection circuits, and also that, by eliminating the POT Bay, interconnectors can be provided with the necessary channel assignment control to the Main Distributing Frame (MDF).[42]

SWBT has again been falsely accused of embedding a "useless", "costly" piece of equipment in its expanded interconnection design. The Point of Termination frame is, as the name implies, a "standard",[43] well-engineered, interconnection framework where SWBT facilities (i.e., DC power, central office ground, cage ground, DS1/DS3 terminations, etc.) all appear and are terminated at a single interconnecting point between SWBT and the interconnector.[44] Regardless of what the interface is called, an interface between SWBT facilities and the interconnector facilities

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[41] ALTS at p. 27, TCG at p. A-2.

[42] TCG at p. A-2.

[43] "Standard" in this context, means the same design with the same functionality and equipment safeguards, ordering, maintenance, and service installation and restoration procedures common for all interconnectors regardless of office location, collocation equipment utilized, etc.

[44] SWBT ex parte, dated July 6, 1993.

must exist.

The opponents focus on the requirement for regenerator type devices (repeaters) required by LECs other than SWBT. The need for providing regeneration, however, between SWBT facilities and the interconnector is not predicated on whether or not SWBT requires a POT frame. Rather, the requirement for inserting a regenerator type device in the design of a circuit has to be based solely upon the technical guidelines imposed by the distance limits for the connection between SWBT's facilities and the collocation area.

Following are the published guidelines used for determining justification for repeaters:

TYPE OF CONNECTION	DISTANCE LIMIT
DSX-1	655 feet
DSX-3	450 feet

The DSX values refer to the distance limits for the connection between the DSX bay and the transmission equipment.

Thus, in the SWBT design, as long as the distance from the SWBT DSX bay to the collocation area POT frame interface equipment does not exceed the DSX distance limits (655 feet or 450 feet), regeneration will not be required. Therefore, the utilization of a POT frame has no bearing on the application of repeaters.

Some parties apparently assume the POT frame interconnection panels (because they are DSX-type) cause the POT frame to be considered a DSX bay. This assumption is inaccurate. The panels, because of their electrical and mechanical design capabilities, simply provide the best interconnection arrangement.

An advantage for utilizing a POT frame equipped with interface panels (DSX-type) is derived because of the distances that will exist between SWBT facilities and the interconnector equipment (in some instances several hundred feet and possibly several floors away). The advantage of the DSX-type panels is their capability of offering to both SWBT and the interconnector the following:

- o Restoration - working systems connected to a failed transmission path (line) may be bridged by either SWBT or the interconnector to maintenance lines at the POT frame;
- o Rerouting - working systems may be bridged by the interconnector to a new transmission path at the interconnect panels, while the permanent connections are changed;
- o Looping - by using patchcords to connect the IN jack to the OUT jack of their respective panels in the POT frame, SWBT and the interconnector can "loopback test" new equipment installed;
- o Depending on the DSX vendor, bi-directional testing can be performed at the POT frame DSX panel (no other arrangement can provide this capability);
- o Because of dedicated DSX panels at both SWBT DSX bays and at the POT frame, and the cabling between each, channel assignment control is provided to the interconnector. The interconnector tells SWBT which circuit it wants "turned up" (via an order no different than non-collocated circuits) and the facilities are "turned-up." This methodology reduces service time and provides total flexibility to the interconnector, while enabling fast and easy testing should service problems arise.

TCG proposes that LECs should use a Main Distributing Frame (MDF) in place of the POT frame.[45] However, the MDF does not offer the capabilities necessary to adequately interface SWBT facilities to those of the interconnector. The MDF cannot be used to provide a point of termination to DS3 facilities, power, central office ground, nor grounding to the cage. Because of its distance

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[45] TCG at p. A-3.